



# **CORRUPTION PREVENTION PLAN**

**DECEMBER 2002**

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# CORRUPTION PREVENTION PLAN

## Purpose of the Corruption Prevention Plan

This is our first Corruption Prevention Plan.

Waverley Council wants to have an organisational culture that will not tolerate fraud, corruption, maladministration or waste. Corruption prevention and ethical practices are core values at Waverley and we see them as essential in optimising the efficient functioning and management of our organisation. Corruption wastes our resources, affects our reputation and the reputation of everyone who works here. We take our corruption prevention responsibilities very seriously.

Waverley's Values:

- Integrity
- Openness
- Equity
- Service
- Accountability
- Co-operation

The purpose of the Corruption Prevention Plan is to send a strong, clear message about our commitment to corruption prevention. Corruption prevention is about changing organisational features that allow corruption to occur and possibly go unnoticed or unreported. The plan documents our approach and the actions we will take over the next 3 years to help us to continue to steadily improve our corruption resistance. The plan lists our risk areas together with a number of strategies for better management and control of our activities.

The responsibility for corruption prevention lies with all staff, but the primary responsibility in building and maintaining corruption resistance lies with the leaders and managers of Council. All managers need to be aware of the plan's importance and the resources and effort they should commit to it. Supervisors and team leaders also have a key role in reinforcing an anti-corruption culture.

This Corruption Prevention Plan is part of our Organisational Development Strategy, which aims to improve our capacity to deliver Council priorities in a manner consistent with our values.

The information in this plan is based on recommendations from the Independent Commission Against Corruption (ICAC) and other relevant local government research.

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## 2.0 Building a Corruption Resistant Culture

Organisational culture and ethics research has shown that the ethical tone of an organisation impacts upon:

- Efficiency and effectiveness
- Decision-making processes
- Staff commitment and job satisfaction
- Staff stress
- Staff turnover.

ICAC has developed an Organisational Integrity Framework to help organisations build and sustain their corruption resistance. Most of the features of the framework are forms of communication and are designed to integrate corruption resistance strategies into an organisation's day-to-day business and behaviours.

For example, according to ICAC:

- .....integrity and ethical practice are core values, but the right values will only shape our culture and improve its corruption resistance if they are communicated by managers in ways that are relevant to staff and integrated with all the workings of our organisation.
- A Code of Conduct will only succeed in influencing behaviour if other messages given to staff, and particularly the actions of leaders and managers, are consistent with the guidance provided by the Code.
- A Procurement or Recruitment Policy will be less effective if staff are not aware why following it is important, or see other people bypassing it.
- A Complaints Handling System will only help improve services or corruption resistance if stakeholders, customers or tenderers know about it and believe the organisation will do something about their complaints.

*(Do It Yourself Corruption Resistance Guide, ICAC, April 02)*

There are a number of key steps that are important as general principles for managers in organising work to minimise potential for fraud or corruption and help build a corruption resistant culture:

- Ensure regular discussions and feedback on work practices with all staff on an ongoing basis
- Ensure good collection of data on a routine basis, particularly in high risk areas, and the monitoring and reporting of that data
- Ensure clear and open processes are followed
- Ensure effective referral and follow-up on incident reports and complaints
- Ensure good records management, especially in areas such as significant negotiations, and that decisions are fully documented on file and correctly referenced in the system.

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Making ethical practices a priority is not *just* about functioning with integrity or being seen to be functioning with integrity. Nor is it just about being credible and competitive. It is also about optimising the efficient functioning of the organisation. Building a corruption resistant culture is a fundamental aspect of good management practices and needs to be completely integrated with our organisation development work and all our management improvement programs or processes. While not the complete answer, corruption resistance measures also help minimise maladministration and waste through their contribution to the improvement of procedures and processes.

### 3.0 Risk Areas in Local Government

During 2000-2001 ICAC conducted an extensive research study to help develop a profile of corruption risks in local government in NSW. The information was obtained through interview, questionnaire and submission formats. Ninety percent of General Managers of all Councils in NSW responded about the presence or absence of corruption risk factors in their organizations.

One of the reasons the research was conducted was because ICAC was consistently receiving more complaints about local government than any other area within the NSW public sector. Dealing with local government is for many people their most significant contact with the public sector. There is a particularly close interest for many people in the actions of their council and how their council performs. For this reason it is especially important that local government organizations operate in an efficient, effective and corruption resistant way.

The **main** areas of potential corruption identified by the research were:

- Partiality, bribery and conflicts of interest, particularly by elected officials, in assessing development applications and rezoning
- Partiality and personal interest in procurement, tendering and contracting
- Misuse of council resources
- Cash handling

The four areas identified above were found to be the most common and high risk areas for corruption in local government, however they are not the only areas identified by ICAC. Other areas worthy of consideration when developing corruption resistance strategies have been identified as:

- Recruitment and selection
- E-Corruption (any misconduct, corruption or possibly crime committed using the computer system of an organization)
- Gifts and benefits
- Secondary employment
- Business units
- Asset disposal
- Maintaining the integrity of regulatory functions

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- The need for ongoing education in ethics and corruption prevention for staff and management

### **3.1 Planning and development**

For the year 1 July 2000 to 30 June 2001 about 35% of the complaints received by ICAC alleging corrupt activity in councils concerned development applications and related matters. Development issues are a clear example of how sensitive, emotional and inflamed local government activities can become – there is usually a lot at stake for all parties – thus the potential for corruption is increased.

### **3.2 Procurement, tendering and contracting**

Since the ICAC's inception in 1989 approximately 10% of complaints about specific corrupt conduct have concerned the purchase of goods and services and tendering. The main risks identified include:

⇒ the authorising, processing and monitoring of contract variations

⇒ ineffective or inconsistent site inspection procedures

⇒ absence of systems to evaluate contractors' performances.

These problems can largely be attributed to the lack of appropriate skills in council personnel, poor or non-existent internal control systems and policy and procedures in some councils or the failure to implement them when they do exist.

### **3.3 Misuse of resources**

In the calendar year 2001, 18% of all complaints received in respect of councils concerned the misuse of resources. While the value of resource misuse is often not great in individual instances, the cumulative value of misuse is very significant. This can also be an area where a great deal of the actual misuse goes undetected, particularly when the culture of the organization is accepting or tolerant of misuse. Resources identified by ICAC include staff time, materials and supplies, Council facilities, motor vehicles, spare parts and accessories, general plant and equipment, office equipment and communication and information devices (phones, computers, email services, etc).

### **3.4 Cash Handling**

Cash takings represent a significant temptation for opportunistic and potentially corrupt individuals. While cash takings might represent only low value in terms of individual transactions and be only a small proportion of an organisation's budget, they can represent quite considerable amounts of money annually. ICAC takes any allegations of corruption in the cash handling area very seriously. With the increasing emphasis on commercial activities and user-pays principles, local government organisations need to manage the risks associated with cash handling.

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## 4.0 Our History and Progress to date

Corruption prevention activities were first implemented at Waverley in the early 1990s: in response to a specific investigation and other recommendations of the newly established ICAC

Our processes and systems are much more robust and corruption resistant than they were in the 1970's and 1980's. Since the late 1980's, Council also committed itself to open government and significant public consultation, opening the organisation up to higher levels of public scrutiny. Other important changes have occurred in that period such as corruption related amendments to the Local Government Act and the development of ICAC's role in leading public sector corruption prevention. These have also been catalysts for change and have contributed to the growth of a more corruption resistant culture at Waverley. Internal policies and procedures have also been steadily developed to support our commitments to integrity and acting in the public interest.

We have been continuously improving our approach to corruption prevention since the early 1990's. As an example, in the last twelve months we have undertaken the following:

- Provided ethics training for nearly 50% of the workforce, including more than 80% of staff in high risk areas
- Reviewed our guidelines on staff receiving gifts, after input from staff via the ethics training
- Updated the Code of Conduct to include new gift guidelines. New guidelines on seeking authorization for secondary employment have also been included, to ensure that no conflict of interest occurs in any secondary employment
- Wrote two submissions in response to ICACs "Taking the Devil out of Development" discussion paper and interim report
- Reviewed our compliance with procedures for tendering and seeking quotes by undertaking an audit
- Prepared a business plan for our Commercial Waste service, with corruption resistance as a key objective
- Reviewed cash handling procedures in our parking service, improved the procedures and then subjected them to an external audit with more improvements still being developed
- Reviewed our procurement policy for contracting professional services
- Promoted the use of our Protected Disclosure mechanisms via our staff newsletter
- Thoroughly investigated all allegations and complaints and adopted recommendations about the need for systemic improvements whenever these have been made in any investigation report.
- Commenced a procedure to improve complaints management and implemented new arrangements for complaints of corrupt conduct

## 5.0 Action Plan for the Next Three Years

We will report on the outcome of the action plan as part of the annual report on Council's Management Plan, prepared in August.

We will update our priorities on an annual basis each February at the same time as the development of our Management Plan and Operational Plan for the following financial year. Each year we will prepare a three year rolling program of priorities, with more detail concerning the first year of the program. The General Manager's office will co-ordinate the review of the action plan and the update of priorities.

Our action plan addresses specific risk areas identified by ICAC. It also addresses broader issues about integrating corruption resistance into organisational development and management improvement processes.

Our plan commits us to being pro active in building corruption resistance. At the same time, we will be vigorous in investigating any allegation of corruption, support staff in the face of unfounded allegations and take strong action including disciplinary action and dismissal should staff be guilty of corrupt behaviour.

5.1 Risk Area - Planning and Development	Timeframe			Responsibility
	2002/3	2003/4	2004/5	
<ul style="list-style-type: none"> <li>Review ICAC report on '<b>Taking the Devil out of Development</b>'. Implement key recommendations</li> </ul>	✓	✓		P&ES
<ul style="list-style-type: none"> <li>Review Planning Committee delegations and subsequently those of the Development and Building Unit (DBU)</li> </ul>	✓	✓		GM & P&ES
<ul style="list-style-type: none"> <li>Document and publish information about the development assessment process to improve understanding and accountability</li> </ul>	✓			P&ES

5.2 Risk Area - Procurement, tendering and contracting	Timeframe			Responsibility
	2002/3	2003/4	2004/5	
<ul style="list-style-type: none"> <li>Review compliance with tendering and seeking quotes requirements via an audit. Develop recommendations based on outcomes and risk issues identified by ICAC's discussion paper <b>'Taking the Con out of Contracting'</b> e.g. preparation of checklists to improve compliance and ease of audit</li> </ul>	✓			C&TS
<ul style="list-style-type: none"> <li>Establish a contractor working group to implement and monitor improvements</li> </ul>	✓			C&TS
<ul style="list-style-type: none"> <li>Annually review compliance levels with procurement policy via spot check audits</li> </ul>	✓	✓	✓	C&TS
<ul style="list-style-type: none"> <li>Review our procurement processes and systems every two years</li> </ul>		✓		C&TS
<ul style="list-style-type: none"> <li>Implement information and education campaign with clients, customers and other external stakeholders concerning Council's ethics standards and gift guidelines in order to discourage giving and the offer of corrupt payments</li> </ul>		✓		GM's office

<b>5.3 Risk Area - Misuse of resources</b>	<b>Timeframe</b>			<b>Responsibility</b>
	<b>2002/3</b>	<b>2003/4</b>	<b>2004/5</b>	
<ul style="list-style-type: none"> <li>• Review and update staff Code of Conduct               <ul style="list-style-type: none"> <li>- all new staff inducted on the code and on the importance of ethical practices</li> <li>- all existing staff have refresher training on the Code of Conduct and ethics every 5 years via a rolling program of training</li> </ul> </li> <li>• Review and update all codes relating to Councillor conduct: prepare new integrated code and induction program for Councillors on code requirements</li> <li>• Review secondary employment guidelines</li> <li>• Review Library guidelines on staff access to library resources</li> <li>• Review Internet and Email policy</li> </ul>	✓			<b>C&amp;TS</b>
	✓	✓	✓	
	✓			<b>GM's office</b>
			✓	<b>GM's office</b>
		✓		<b>L&amp;CS</b>
			✓	<b>C&amp;TS</b>

<b>5.4 Risk Area – Cash handling</b>	<b>Timeframe</b>			<b>Responsibility</b>
	<b>2002/3</b>	<b>2003/4</b>	<b>2004/5</b>	
<ul style="list-style-type: none"> <li>• Parking meters: review implementation of recommendations of external auditor</li> <li>• Implement commercial waste business plan</li> <li>• Child care centres</li> <li>• Library</li> <li>• Bondi Pavilion: review cash handling procedure as part of the broader review of the Community Cultural Centre</li> <li>• Customer Service Centre</li> <li>• Review procedures for payment of Cemetery plots</li> </ul>	✓	✓	✓	<b>C&amp;TS</b>
	✓			<b>PW&amp;S</b>
		✓		<b>L&amp;CS</b>
			✓	<b>L&amp;CS</b>
	✓			<b>BP&amp;RS</b>
	✓	✓	✓	<b>C&amp;TS</b>
	✓		✓	<b>C&amp;TS</b>

5.5 Other Risk Areas	Timeframe			Responsibility
	2002/3	2003/4	2004/5	
<ul style="list-style-type: none"> <li>• Recruitment and selection               <ul style="list-style-type: none"> <li>- EEO training</li> <li>- Review and improve recruitment skills, including capacity to assess ethics</li> </ul> </li> </ul>	✓	✓		C&TS
<ul style="list-style-type: none"> <li>• E corruption               <ul style="list-style-type: none"> <li>- Review risks and implement best practice approach</li> </ul> </li> </ul>			✓	C&TS
<ul style="list-style-type: none"> <li>• Gifts and benefits               <ul style="list-style-type: none"> <li>- Review policy and procedures for staff</li> <li>- Review policy and procedures for Councillors</li> </ul> </li> </ul>	✓ ✓			GM's office GM's office
<ul style="list-style-type: none"> <li>• Protected disclosure procedures               <ul style="list-style-type: none"> <li>- Review effectiveness</li> </ul> </li> </ul>		✓		C&TS
<ul style="list-style-type: none"> <li>• Asset disposal</li> </ul>			✓	C&TS
<ul style="list-style-type: none"> <li>• Maintaining the integrity of regulatory functions               <ul style="list-style-type: none"> <li>- Review regulatory services include documenting existing procedures and develop a 5 year direction</li> </ul> </li> </ul>	✓	✓		C&TS
<ul style="list-style-type: none"> <li>• Ongoing education in ethics and corruption prevention for staff and management: emphasis on importance of managers ethics to the culture and organisational practices</li> </ul>	✓	✓	✓	C&TS
<ul style="list-style-type: none"> <li>• Improving corruption resistant culture</li> </ul>	✓	✓	✓	
<ul style="list-style-type: none"> <li>- Management development training improves management and leadership skills</li> </ul>	✓	✓	✓	C&TS/GM's office
<ul style="list-style-type: none"> <li>- Review depart/section based induction practices to ensure they reinforce ethical practice</li> </ul>		✓		C&TS
<ul style="list-style-type: none"> <li>- Ensure ethical behaviour adequately assessed in skills and performance assessments</li> </ul>	✓	✓	✓	C&TS
<ul style="list-style-type: none"> <li>- Many other actions listed promote ethical culture</li> </ul>				C&TS/GM's office

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## 6.0 Linked documents

If you want to know:

- What is considered to be acceptable and ethical behaviour as well as what is unacceptable or unethical, see the following documents - **Guide to the Code of Conduct, Managing Conflicts of Interest Policy, Guidelines on Internet and Email Use, Guidelines on Council Staff Receiving Gifts from the Public and Gift Register Schedule.**
- How to report any known or suspected incidences of corruption, fraud, maladministration or serious and substantial waste, see the **Protected Disclosures, Internal Reporting Guidelines and Investigation Process.**
- How to determine whether there are any inherent conflicts or issues in sponsorship discussions or applications, see the **Sponsorship Policy and Sponsorship Guidelines.**
- The procedures you must use to purchase goods and services see the **Guidelines for Procurement of Goods and Services, Purchasing Procedures and associated Schedules.**